

Good morning, my name is Marie Lenane and I am a Purchase of Service Pricing Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 421.00: Rates for Adult Housing and Community Support Services. These services are purchased by the Department of Mental Health (DMH).

The amendments to 101 CMR 421.00 are being proposed at this time in accordance with Massachusetts General Laws, Chapter 118E, Section 13D, which requires the Secretary of EOHHS to establish and biennially update the rates to be paid by governmental units for social service programs.

The adult housing and community support services rates established at 101 CMR 421.00 are being updated to include an increase by a cost adjustment factor (CAF) of 2.00%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2020 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2021 second quarter) and the prospective period of fiscal years 2022 and 2023. The rates for DMH's adult housing and community support services have been updated to incorporate an employer and employee contribution required by the Massachusetts paid family and medical leave law. As part of the workforce initiative, staff salaries, with the exception of the program management positions, have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages for 2017/2018. The management salaries have been benchmarked to the FY19 Uniform Financial Statements and Independent Auditor's Reports (UFRs) weighted average for management positions. The programmatic expenses have also been benchmarked to the FY19 UFR. The tax and fringe rate has been benchmarked to 22.40% and the administrative allocation has been benchmarked to 12%. Finally, the separate workforce initiative rate has been removed from the regulation because the workforce initiative goal of the rate review has been met with the incorporation of BLS benchmarking into the rates.

The total projected annualized cost to state government from the increase in rates effective July 1, 2021, is \$1.3M, which represents an increase of 11.97% over FY20 spending of approximately \$10.8 million.

This concludes my testimony. Thank you.